



**ROCKY MOUNTAIN  
POWER**  
A DIVISION OF PACIFICORP

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IDAHO PUBLIC  
UTILITIES COMMISSION

1407 W. North Temple, Suite 310  
Salt Lake City, Utah 84116

April 13, 2016

***OVERNIGHT DELIVERY***

Jean D. Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington  
Boise, ID 83702

**RE: CASE NO. PAC-E-16-07  
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER  
REQUESTING AUTHORITY TO MODIFY ELECTRIC SERVICE SCHEDULE 135 -  
NET METERING SERVICE**

Attention: Jean D. Jewell  
Commission Secretary

Please find enclosed for filing an original and seven copies of Rocky Mountain Power's Reply Comments in the above-referenced matter.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

Jeffrey K. Larsen  
Vice President, Regulation

Enclosures

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*Attorney for Rocky Mountain Power*

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**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER REQUESTING AUTHORITY TO MODIFY ELECTRIC SERVICE SCHEDULE 135 - NET METERING SERVICE</b>	)	<b>CASE NO. PAC-E-16-07  REPLY COMMENTS OF ROCKY MOUNTAIN POWER</b>
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COMES NOW, Rocky Mountain Power, a division of PacifiCorp ("the Company"), pursuant to the procedural schedule established by Commission Order No. 33484 hereby respectfully submits the following Reply Comments.

In support of these Reply Comments, Rocky Mountain Power states as follows:

**BACKGROUND**

1. On April 6, 2016, Staff of the Idaho Public Utilities Commission ("Staff"), and the Idaho Conservation League ("ICL") filed comments on the Company's Application in this matter to modify Schedule 135 – Net Metering Service, to increase the participation cap from 714 kilowatts to 2,000 kilowatts. Both Staff and ICL recommend that the cap be removed altogether rather than increased and that the Commission reject the Company's proposed reduction to the maximum cumulative generating capacity per customer from 20 percent of connected load to 5 percent.

2. Staff cited the Commission's decision to remove Idaho Power's cap and the concern that "a cap may disrupt and have a chilling effect on the investment in and installation of distributed generation."<sup>1</sup> Therefore, Staff recommends that the Commission remove the cap consistent with Order No. 32846 for Idaho Power. Instead of a cap, Staff proposes that the Company file an annual net metering report to serve as a useful checkpoint on the status of net metering in order to provide the Commission and Staff with better information when evaluating possible costs and benefits of net metering.

3. Staff also recommends that the maximum amount of generation that any single customer can interconnect should remain at 20 percent of the cumulative generation nameplate capacity connected to the Company's system in Idaho, rather than the Company's proposed reduction to 5 percent.

4. Similar to Staff, ICL recommends that the Commission treat the Company consistently with Idaho Power and decline to set an overall capacity cap, which, they argue, imposes an arbitrary limit on the net metering program and isn't necessary because reliability issues have not been identified.

5. ICL also recommends that instead of "layered arbitrary limits" the Commission should adjust the amount of generation a customer may connect to 120 percent of the customer's average monthly load. ICL explained that 120 percent would "account for uncertainty in system performance and growth in household consumption."<sup>2</sup>

## **RESPONSE**

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<sup>1</sup> Staff Comments at p. 3 (April 6, 2016), citing Order No. 32846 (Case No. IPC-E-12-27).

<sup>2</sup> ICL Comments at p. 3 (April 6, 2016).

6. While the Company does not oppose the annual net metering report proposed by Staff, the Company continues to recommend that the Commission retain an overall program cap, which the Company proposes to be 2,000 kW. First, when net metering was initially implemented the Commission found a cap “reasonable” and that rationale continues to exist. The existing cap hasn’t had a chilling effect on participation, in fact, participation in the net metering program has been accelerating and the Company has continued to accept every application that meets the requirements of Schedule 135. What the cap does, however, is provide a publicly known checkpoint for when net metering could be evaluated, rather than relying on the timing associated with filing general rate cases. While the current magnitude of cost shifting is small, net metering customers continue to be subsidized by the Company and other customers.

7. When the Commission approved this program it was concerned: “that the full cost of the program we approve today may not be borne only by participants... We also expect further information from the Company regarding cost shifting and the Company’s ability to recover customer costs from program participants.”<sup>3</sup>

8. Staff raised similar concerns:

“Staff believes the proposal to credit customer generators at full retail rates will pay customers more than the actual value of the generation... For the Commission to accept a net metering tariff where customer generation is credited at full retail rates, it must be willing to accept the fact that PacifiCorp may not recover its full costs of providing service from net metering customers. Those costs that are uncollected must either come from PacifiCorp through its shareholders or from other customers collectively.”<sup>4</sup>

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<sup>3</sup> Case No. PAC-E-03-04, Order No. 29260.

<sup>4</sup> Case No. PAC-E-03-04, Order No. 29260.



9. The Company's Application confirmed, as suspected by Commission and Staff, compensating net metering customers at full retail rates for their generation pays them more than the value of the electricity they generate. This subsidy causes cost shifting to other customers to the extent net meter customers are included in the rate design of a general rate case, and the Company for any new customer participation in between rate cases.

10. The last general rate case where the Company's cost of service and rate design was addressed utilized 2009 customer information and loads. In 2009 there were 59 net metering customers with 115 kilowatts of nameplate capacity. The Company maintains that the proposed cap, in conjunction with annual reporting, will provide a reasonable checkpoint to monitor net metering. As discussed below, the Company proposes filing an annual report on program participation and would use the timeline at which the cap is reached, or a general rate case, whichever comes first, to more comprehensively provide an evaluation of the costs and benefits of net metering.

11. In regards to Staff's proposal to retain the 20 percent maximum cumulative generating capacity per customer, the intent of the Company's proposal to reduce it to 5 percent was to retain the maximum in proportion to the cap. If the Commission removes the cap altogether, the Company would recommend that this maximum cumulative generating capacity per customer be eliminated. Without an overall cap, this provision would be more administratively difficult to implement as the denominator in the equation to calculate the 20 percent would be a moving target. Additionally, Schedule 135 already provides a cap per installation, which provides a reasonable protection against oversizing. The definition section in Electric Service Schedule No. 135 - Net Metering Services states: "An Eligible Generating Plant may not have a generating capacity of more than twenty-five (25) kilowatts for

customers taking service on Schedules 1, 36, 23 or 23A or one hundred (100) kilowatts for all other customers.”

12. ICL’s recommendation to allow installations up to 120 percent of customers’ average monthly load should be rejected because it is inconsistent with the principle behind net metering of allowing a customer to offset his or her usage. Allowing a customer to over-size his or her facility moves the customer into the realm of a power producer rather than a self-generator and would increase the cross-subsidies that are already occurring.

13. Lastly, as previously noted the Company is agreeable to providing annual reports to the Commission on net metering participation. Specifically, the Company proposes to file an annual report on or around April 1 each year that provides the number of customers on net metering, generator types, and total name-plate capacity for the prior calendar year. This will allow the Commission and Staff the ability to monitor the growth in net metering. At the time that the proposed cap is reached, or as part of the Company’s next general rate case or other filing in which the Company proposes changes to net metering, whichever is sooner, the Company proposes to provide a more comprehensive report on net metering that includes estimates of total generation and contribution to system and class peaks as part of a cost of service analysis.

### **CONCLUSION**

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission issue an order increasing the cap from 714 kilowatts to 2,000 kilowatts for Electric Service Schedule No. 135 – Net Metering Service, subject to the reporting identified above, effective May 1, 2016.

DATED this 13<sup>th</sup> day of April, 2016

Respectfully submitted,

By 

Yvonne R. Hogle

Attorney for Rocky Mountain Power

## CERTIFICATE OF SERVICE

I hereby certify that on this 13<sup>th</sup> of April, 2016, I caused to be served, via e-mail a true and correct copy of the foregoing document in PAC-E-16-07 to the following:

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Kaley McNay  
Coordinator, Regulatory Operations